

SECOND SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO ALL PARTICIPANTS

D.T.E. 04-116

Respondent: Amy Smith

Information Request DTE-A 2-1

- Q. Would it be appropriate in the future for companies to enter into settlements or other agreements which would permit parties to deviate from the established SQ Guidelines? Explain.
- A. Allowing utilities the flexibility to negotiate reasonable settlements (or to petition the Department for approval of an individualized SQ Plan) that deviates from the final approved guidelines is appropriate for the following reasons.

Over the past several years, the Department has worked to establish a standardized system to measure service quality for utility systems under its jurisdiction. From KeySpan's perspective, the introduction of a formal service-quality measurement program has had a beneficial impact on the Department's ability to observe performance trends for gas and electric utilities. However, given the differences in customer demographics, geography and infrastructure (e.g., information systems) between the utilities, there may be benefits in allowing companies to adapt SQ measures on an individualized basis. As long as the Department can determine that a proposed SQ Plan would measure a utility's performance on a consistent basis over time and would allow the Department to observe performance trends and to detect when service quality is declining, then the SQ Plan would achieve the Department's policy objectives, regardless of whether it "deviates" from the previously established set of SQ Guidelines.

In addition, most of the electric and gas utilities serving customers in the Commonwealth also serve customers in other jurisdictions. For efficiency and operational purposes, it may be beneficial to both customers and the company for the utility to implement service-quality measures on a uniform basis across its service territory. Because other state jurisdictions may have differing philosophies, techniques or priorities in terms of measuring service quality, the only way for a multi-jurisdictional utility to establish a uniform system across its service territory would be through settlements or other agreements and proposals approved by the Department.